

# HIPAA Transactions: What YOU Must Do NOW to Get PAID this November!



Mark Charles  
*Consultant to Michigan Medicaid*

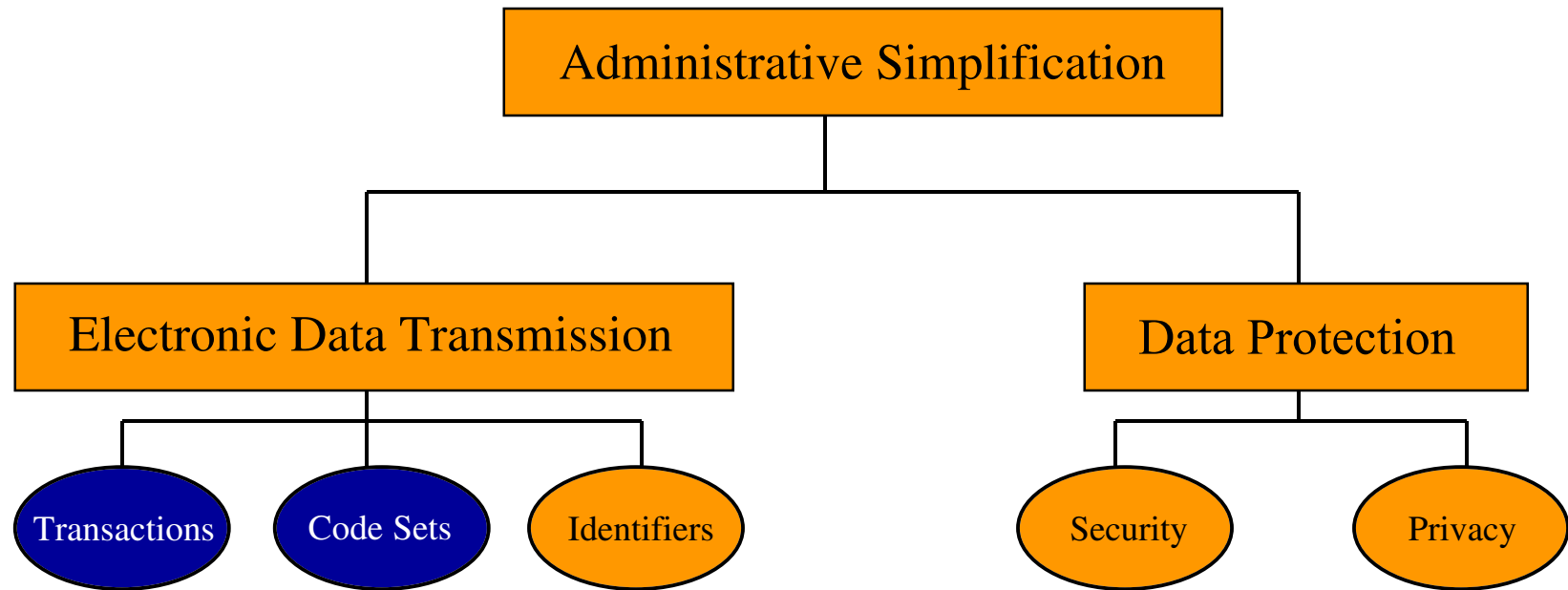
# HIPAA Transactions Overview

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- Why HIPAA Transactions are YOUR Responsibility
- The Benefits of HIPAA and Electronic Billing
- How the MDCH Policy Changes will Impact Your Practice
- What Action You Must Take Now to Keep Getting Paid
- MDCH Resources

# HIPAA Mandated Standards

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# Attention Doctors: HIPAA Transactions are Your Responsibility

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*Healthcare Providers are specifically named in the HIPAA law as a “covered entity.”*

- As a covered entity, it is *YOUR* responsibility to convert all electronic proprietary formats to HIPAA mandated electronic transaction formats – regardless of who submits your claims to payers.

*According to the HIPAA law, if your electronic claims are not compliant by October 16, 2003, they cannot be accepted for processing by your payers.*

*If they cannot be processed, they can not be paid.*

# The Benefits of HIPAA

# How HIPAA Will Affect Providers

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- HIPAA will improve and simplify healthcare administration with **national standards**.
- HIPAA will fundamentally change the way healthcare information is collected, stored and exchanged.
- HIPAA transactions will significantly change healthcare administration for providers and payers.

# The Benefits of Electronic Billing

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*HIPAA was designed to provide national standards to encourage the adoption of business-to-business **Electronic Data Interchange (EDI)**.*

- Faster communication from provider to payer and back again
- Quicker payment from improved communications and cleaner claims
- Reduced data-entry errors on the front end
- Fewer re-bills ... and re-bills will be processed quicker
- Easier remittance posting
- Additional service offerings will be coming in the future

# EDI Reduces Data Entry Errors

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- Ensures all required fields are filled out.
- Catches transposed digits in Provider ID or Recipient ID.
- Corrects errors in date formats.
- Ensures that service lines point to procedure or revenue codes.



# EDI Requires Fewer Re-Bills

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- Electronic submission avoids OCR misreads.
- Michigan Medicaid identifies and corrects these errors manually, slowing payment and prompting re-bills.
- Functional acknowledgements confirm receipt of claims.

# Remittance Posting is Easier with EDI

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- An electronic remittance can be set up to post automatically to a patient accounting system.
- EDI improves accuracy and speed of account reconciliation.
- Electronic claims are a prerequisite to electronic remittance.

# MDCH HIPAA Transactions Plan

# MDCH Preparations Since 2000

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*Over the past two years, Michigan Medicaid has successfully:*

- Replaced all proprietary claim formats with industry standard formats.
- Partnered with affected associations and provider groups to provide:
  - Outreach material (web sites, brochures, postcards, etc.)
  - Policy letters
  - Educational seminars and training
- Prepared and trained thousands of billers and reimbursement specialists.
- Successfully completed 837 integrity testing
- Currently accepting all 837 v. 4010A1 claims and encounters
- Currently testing 835 v. 4010A1 remittance advice

# Outreach Training and Education

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- Coordinating monthly with BCBSM and other large payers (Medicare A and Medicare B).
- Conducting outreach education and seminars — in conjunction with Medicare A & B and Blue Cross Blue Shield of Michigan — for all providers.
- Strongly encouraging providers to send electronic transactions to take advantage of HIPAA's benefits.
- Conducting education and training for medical/profession associations and their members.

# Provider Education and Outreach

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*MDCH is working with your association to ensure successful HIPAA transactions conversion through:*

- Education and outreach meetings and seminars with providers like you
- MDCH web site at [www.michigan.gov/mdch](http://www.michigan.gov/mdch)
- HIPAA Primer at [www.healthcare.mivu.org](http://www.healthcare.mivu.org)
- [www.mihealth.org](http://www.mihealth.org) — your link to Michigan health resources and complete details about HIPAA transactions
- HIPAA Transactions brochures
- HIPAA Transactions e-newsletters
- Frequently Asked Questions – updated constantly on the MDCH web site

Make Sure All Communications  
From MDCH get to the Right  
Person in Your Organization

# Medicaid HIPAA Schedule

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- *Began paying HIPAA compliant claims (837 v. 4010A1) in June*
- *We have been ready to test your claims since April.*

October 2002: Began accepting 837 v. 4010 Dental, Professional and Institutional claims.

January 2003: Began accepting 837 v. 4010 encounters from Medicaid Health Plans.

Began accepting 837 v. 4010 Nursing Facility claims.

June 2003: Began accepting HIPAA compliant 837 v. 4010A1 Professional, Institutional and Dental claims.

Began testing 835 claim remittance advice & all other HIPAA transactions.

October 2003: *Only HIPAA compliant transactions will be accepted.*



# The HIPAA Transactions

# The Electronic Transactions

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837	Institutional Claims and Encounters	276	Claim Status Request
837	Professional Claims and Encounters	277	Claim Status Response
837	Dental Claims and Encounters	270	Eligibility Request
835	Claim Payment and Remittance Advice	271	Eligibility Response
834	Enrollment and Disenrollment	278	Referral Authorization (Request)
820	Capitation Payment Transaction	278	Referral Authorization (Response)

*There are other non-mandated transactions that will improve how we conduct business together.*

# Focus on the 837 v. 4010A1 Claims Transaction if You Want to Get Paid

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- HIPAA currently provides for nine (9) electronic transactions. The future will surely bring more transactions and even greater benefits.
- The most important transaction to focus on in the immediate short term is the **837 v. 4010A1 Claims Transaction**
  - The 837 transaction provides the format that enables your practice to get paid. Your electronic biller must send this HIPAA compliant transaction format to your payers by October 16, 2003 in order for your practice to get paid.
  - Has your e-biller successfully completed the B2B testing of your sample claims with all of your payers?
  - Medicaid, BCBSM and Medicare want to make sure that you get this information. If you act now, your practice can avoid claim payment interruption.

# Coming Soon: The 835 v.4010A1 Claim Remittance Advice

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- The 837 transaction is paired with an 835 claim payment remittance advice.
- Every non-pended claim will receive a HIPAA compliant 835 v.4010A1. Providers will be notified of pended claims via the 277U transaction.
- The 835 provides valuable information for paid or rejected claims.
- The most significant added value is the automated remittance posting feature. It makes the balancing and posting process easier, saving administrative time and eliminating headaches throughout the practice.

# More Important Information About the 835 Claims Remittance Advice:

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## *Relationship to Payment Device*

- One 835 transaction corresponds to one payment device and one payee – a “unique submitter.”
- Payment is sent from MDCH to payee via check or EFT.
- The entity receiving the payment is defined as the payee. Each payee must designate a “unique submitter”
- A unique trace number that corresponds to the check or EFT is assigned by MDCH for re-association.

# Changes to the Paper RA

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- All providers with approved or pended claims will receive a paper RA.
- All payers will be sending standardized remittance advice forms in accordance with the HIPAA law.
- If you are currently a Medicare customer you are already receiving the standard RA format. Other payers, like Medicaid, will be converting soon.
- The coding structure of the paper RA will be standardized to match the 835 with reason and remark codes.

# Check Roll-up per Tax Identification Number (T. I. N.)

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- Beginning this October through December 2003, Medicaid will issue one check or EFT per T.I.N. This is a change from the current practice (one check or EFT per Provider ID).
- If you are a sole practitioner this will have no impact on your business.
- If you are in a group practice with a tax ID number, then Medicaid will begin issuing one check per group.
- The 835 will match one T.I.N. payment. The 835 will be broken down and itemized by Provider ID number followed by Patient ID number.
- Providers will still receive a paper RA by Provider ID number to match back to the 835 to verify which claims have been paid.

# HIPAA Compliant Code Sets



# What Providers Must Know about Medical Code Sets

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- MDCH has replaced most local codes, and will complete the elimination of all local codes prior to October 2003.
- Providers will have notice of any outstanding local procedure code conversion to national codes by August 1, 2003. If a code requires a policy change, this change will be promulgated through the MDCH policy process.
- All Medical code sets must be utilized by date of service. If the date of service is prior to October 16, 2003 – and a local code was in effect for that date – that local code must be used regardless of when the claim is submitted.
- Service rendered on or after October 16, 2003 will require standard HIPAA compliant codes.

# The Code Set Rules

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*HIPAA seeks to simplify coding in electronic transactions by mandating the use of national codes and discontinuing local codes.*

The following Standard Code Sets are mandated by HIPAA:

- ICD-9-CM vol. 1 & 2 — Diagnosis codes for all providers
- ICD-9-CM vol. 3 — Codes Inpatient Hospital procedures
- CPT and HCPCS Level II — all services billed on professional format

*National codes will be updated on an annual basis.*

# Trading Partner Agreement

# Sign and Return Your Trading Partner Agreements (TPA)

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- Trading Partner Agreement's (TPA's ) define the business relationship between the provider and payer. They spell out important information about electronic transmission methods, volumes, and timelines as well as coding and transaction requirements that are not specifically determined by HIPAA. TPA's may also specify how HIPAA compliance testing and certification are to be done.
- If you are a BCBSM customer, you received a letter with a unique user I.D. and password. Follow the instructions in the letter to use the online process. If you have lost your letter from BCBSM or are having difficulty filling out their TPA, call the BCBSM helpline at 248-486-2292 (press 2).

# More About Trading Partner Agreements (TPA)

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- You will soon receive instructions for completing your online Medicaid Trading Partner Agreement. Medicaid's process will mirror BCBSM's (letter, user ID and PIN).
- Medicaid has simplified the enrollment process.
  - New providers will fill out just one form to enroll and execute their TPA.
  - Existing providers just need to update their information.
  - All providers will need to determine where they want their Medicaid correspondence sent.
- Medicaid's TPA will not delay your ability to test or submit claims for payment. If you want to start receiving the 835, you must sign the TPA.
- You may have TPA's with other payers. Call them to verify if any action is required.

# Electronic Funds Transfer

# Get Paid More Quickly with EFT

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- Electronic Fund Transfer (EFT) is similar to the Direct Deposit concept.
- Funds are deposited directly into the provider's bank account.
- The advantages include:
  - Faster processing of your payment
  - No delays for mail delivery
  - No need to leave the office to deposit the check into your account

**Providers report being paid in 7 to 10 business days!**

*Pick up an EFT brochure to get more information.*

# How MDCH Policy Changes Will Impact Your Practice



# Find Medicaid Policy Changes on the Web

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- Providers can find the latest changes and updates to Medicaid policy at [www.michigan.gov/mdch](http://www.michigan.gov/mdch) (go to Providers, then Information for Medicaid Providers).
- The fastest way to stay up to date is to sign up for Medicaid policy changes via e-mail. For more information, visit [www.michigan.gov/mdch](http://www.michigan.gov/mdch) (go to Providers, then Information for Medicaid Providers, then Medicaid Policy).
- Medicaid currently has new or revised Chapters I, III, and IV posted on the MDCH web site.

What Action You Must Take  
Now to Keep Getting Paid

# Action Steps Doctors Must Take Now to Get Paid this November

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- Determine how HIPAA affects your office
- Talk to all of your payers
- Begin testing claims now with all of your payers
- Sign and return your Trading Partner Agreement (TPA)
- If you submit paper claims convert to electronic billing
- Convert to the HIPAA compliant standards by October 16, 2003 (837 v. 4010A1)

# How Does HIPAA Impact Your Practice?

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- Take an assessment of the items you conduct on paper and electronically with your e-biller, software vendor, or clearinghouse. Determine what you must do differently to meet the HIPAA mandate.
- Is your software ready for HIPAA?
- Are your vendors ready for HIPAA?
- Are your payers ready for HIPAA?

# Talk to Your Payers about HIPAA Transactions

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- Contact all your payers. Are they ready for October 16? What do they expect you to do?
- Do they have companion guides that specify their coding and transaction requirements?
- If you are currently using software provided by a payer to conduct transactions, ask if they will continue to support it.

# If You Partner with a Billing Service

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- As a covered entity, it is your responsibility to make sure that your claims are HIPAA compliant--regardless of who submits your claims.
- According to the HIPAA law, if your claims are not compliant they can not be accepted or paid by your payers.
- If you do not want your cash flow interrupted then contact your billing service now. Do not assume that they are HIPAA compliant.
- What do you know about your billing agent's HIPAA compliance plans? Will your billing agent be ready to submit HIPAA compliant claims (837 v. 4010A1) by October 16, 2003? Are they on schedule? What is their schedule?

# If You Partner with a Clearinghouse:

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*To ensure that your cash flow will not be interrupted:*

- Take immediate action. Check out the “Approved Vendor List” on the MDCH web site. Is your e-biller on it?
- Pick up the MDCH flyer today: “Questions to Ask Your Vendor.” You can also get it from MSMS, or you can download it from the MDCH web site. Then call your e-biller and ask them your questions...or fax them the form and let them fill it out and fax it back to you.
- Ask your vendor if they have successfully tested your claims with all your payers. Request to see the results in writing.

*If you are uncomfortable with the responses you are getting from your vendor suggest they contact MDCH at [automatedbilling@Michigan.gov](mailto:automatedbilling@Michigan.gov)*

# If You Partner with a Software Vendor

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- If you do not want your claims interrupted then contact your software vendor now.
- Make sure you receive the latest updates.
- Make sure they are testing with you and your payers. Testing ensures your software can send and receive HIPAA compliant transactions.
- Get the test results. Make sure their software can produce a HIPAA compliant transaction.
- Pick up the MDCH flyer today: “Questions to Ask Your Vendor.” You can also get it from MSMS, and you can download it from the MDCH web site.



# If You Submit Your Own Electronic Transactions:

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- Gather the information you need to test electronic transactions.
- Begin testing now! MDCH is ready to test your claims.
- MDCH recommends successfully completing both testing stages – Integrity and Business-to-Business (B2B) – to meet the HIPAA compliance guidelines.

# Integrity Testing

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## *Stage 1: Integrity Testing*

- Integrity testing checks your system to ensure proper syntax. MDCH recommends providers successfully complete third party testing from an independent service (like Foresight's **HIPAA Validator**) prior to Business-to-Business (B2B) testing.
- *Note: Instructions for Foresight's HIPAA Validator can be found at: [www.michigan.gov/mdch](http://www.michigan.gov/mdch) and [www.mihealth.org](http://www.mihealth.org).*

# B2B Testing

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## *Stage 2: Business-to-Business (B2B) Testing*

- B2B testing checks transactions to ensure proper content. It also determines if trading partners can successfully transmit and receive HIPAA compliant transactions using specific business rules relevant to each trading partner.
- Submit your test claims with current codes until MDCH notifies you of changes.
- Don't wait until the last minute to test your claims. Submit your test claims now. If you wait until the last minute, your cash flow may be interrupted.
- *Note: Instructions for submitting test claims to MDCH can be found at: [www.michigan.gov/mdch](http://www.michigan.gov/mdch) and [www.mihealth.org](http://www.mihealth.org).*

# If You Submit Paper Claims Convert to Electronic Billing

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- Paper claims cannot be processed as quickly as electronic claims. It takes 45 to 60 days for a clean claim to get through the system. Claims that are pended or rejected take much longer.
- If you want to get paid quickly convert to electronic billing.
- Review the approved vendor list on the MDCH web site for potential partners.
- Conduct your own due diligence and choose a vendor that best fits your practice's needs.

# Summary

# Doctors: Take Responsibility for Your Bottom Line

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- HIPAA transactions are your responsibility.
- If you do not want your cash flow interrupted take responsibility now to make sure your electronic claims are HIPAA compliant by October 16, 2003 – regardless of who submits them for payment.
- MDCH and BCBSM strongly encourage Doctors to intensify their efforts towards achieving transaction and code set compliance.
- You and your vendors should be working towards becoming HIPAA compliant as quickly as possible to make sure your cash flow is not interrupted.
- If your billing service is not on our approved vendor list you may not get paid.

# Is Your Vendor on the Approved List?

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- If your billing service is not on our approved vendor list then you may not get paid.
- Review the most recent Approved Vendor List for Medicaid, BCBSM or Medicare on the MDCH web site.
- Go to [www.michigan.gov/mdch](http://www.michigan.gov/mdch) (click on Providers, then HIPAA, and then Implementation Materials)
- Is your vendor on the list?

# If Your Vendor is Not on the List, Get the Flyer and Fax it to Them

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- If your vendor is not on the list, contact them immediately to determine where they are in the approval process ... or consider a new vendor.
- Medicaid has a list of questions that you can ask your vendor. Pick up the flyer, “Questions to Ask Your Vendors” from MDCH today and fax it to them. You can also request the flyer from MSMS or download it from the MDCH or mihealth.org web sites.
- Have your vendor fill it out and fax it back immediately.
- Now you can make an informed decision.



# MDCH has the Resources You Need to Successfully Implement HIPAA

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- Visit the MDCH web site often for official policy and helpful information.
- To receive MDCH letters and policy via e-mail, log on to the MDCH web site and make your selection.
- Coming soon — electronic billers can “Subscribe to e-mail updates from Michigan Medicaid” this winter. If you submit e-claims, you will want to subscribe to this service. If you partner with a billing agent or vendor, encourage them to subscribe. Visit the [mihealth.org](http://mihealth.org) web site for more details later this fall.
- Keep visiting the MDCH web site and the [mihealth.org](http://mihealth.org) web sites for more details about HIPAA, electronic billing, and EFT.

# Contact these MDCH Resources

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- [www.michigan.gov/mdch](http://www.michigan.gov/mdch) — official policy and information.
  - Click on Provider, then HIPAA, then HIPAA Implementation Materials.
  - Provider Hotline — 1-800-292-2550
  - [providersupport@michigan.gov](mailto:providersupport@michigan.gov)
  - [automatedbilling@michigan.gov](mailto:automatedbilling@michigan.gov) —to become an authorized e-biller
  - For questions on **claims testing** e-mail Jim Kunz: [kunzj@michigan.gov](mailto:kunzj@michigan.gov)

# Helpful HIPAA Instructions from the MDCH Web Site

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Medicaid Informational Letter, July 2003:

[www.michigan.gov/documents/L03-23\\_July\\_HIPAA\\_Letter\\_70365\\_7.pdf](http://www.michigan.gov/documents/L03-23_July_HIPAA_Letter_70365_7.pdf)

Business-to-Business (B2B) Test Instructions:

[www.michigan.gov/documents/B2B\\_Testing\\_Instructions\\_MV\\_Feb\\_10\\_03\\_pdflinks\\_57409\\_7.pdf](http://www.michigan.gov/documents/B2B_Testing_Instructions_MV_Feb_10_03_pdflinks_57409_7.pdf)

Electronic Submission Manual:

[www.michigan.gov/documents/MDCHElectronicSubmissionManual10-4-2002\\_51617\\_7.pdf](http://www.michigan.gov/documents/MDCHElectronicSubmissionManual10-4-2002_51617_7.pdf)

# Save Time and Money — Sign-up for EFT Now

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- Contract & Payment Express (C&PE):
  - [www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us)

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